

Senate Commerce Committee Amendment

AMENDMENT NO. _____

Signature of Sponsor

FILED

Date _____

Time _____

Clerk _____

Comm. Amdt. _____

AMEND Senate Bill No. 269 House Bill No. 863

by deleting from the amendatory language of Section 1 the first sentence of § 4-31-804, and by substituting instead the following:

The authority may issue bonds in an amount not to exceed the ability of the association to repay the bond indebtedness from assessments assessed pursuant to § 56-12-103(a)(3) and § 56-12- 107(b)(3) with the proceeds of such bond issuance to fund a loan to the association in accordance with the provisions of the bond documents under which the bonds are issued and the association shall expend such loan funds for the purpose of paying to claimants or policyholders covered claims, as such term is defined herein, arising through an insolvency.

AND FURTHER AMEND by deleting from the amendatory language of Section 1 Section 4-31-805 in its entirety and by substituting instead the following:

Prior to the issuance of bonds to pay covered claims in the event of an insolvency, the commissioner of commerce and insurance for the state of Tennessee shall recommend the amount of unpaid covered claims to be paid from the bond issuance. In making its recommendation, the commissioner of commerce and insurance shall review whether the amount of assessments proposed by the association could service repayment of the bond indebtedness and whether the insurers have the ability to pay the assessments to be levied.

AND FURTHER AMEND by deleting from the amendatory language of Section 1 Section 4-31-808(b) in its entirety.

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AND FURTHER AMEND by deleting from the amendatory language of Section 1 Section 4-31-809 in its entirety and by substituting instead the following:

All loan agreements entered into pursuant to this part shall be subject to approval by the attorney general and reporter as to form and by the commissioner of finance and administration, all payments made pursuant to such loan agreement shall be as to funding approved by the authority, all payments made to the association under the loan agreements are to be requested on forms approved by the authority in amounts consistent with the loan amount, and such payments shall be subject to audit at any time.

AND FURTHER AMEND by deleting from the amendatory language of Section 1 Section 4-31-811(a) in its entirety and by substituting instead the following:

The authority is hereby authorized to establish in the state treasury a special trust fund of the authority to be known as the "Tennessee Insurance Guaranty Association Fund".

AND FURTHER AMEND by deleting from the amendatory language of Section 2 Section 56-12-107(7)(b)(3) in its entirety and by substituting instead the following:

In the event of an insolvency resulting in covered claims payable by the association in excess of its capacity to pay from assessments under § 56-12-107(a)(3), the association in its sole discretion, may by resolution request the Local Development Authority to issue bonds and/or notes pursuant to Title 4, Chapter 31, Part 8, in such

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amounts as the association may determine necessary to provide funds for the payments of covered claims and expenses related thereto. Provided however, that the amount of the bond issuance may be limited by § 4-31-805 and § 4-31-804 with the Local Development Authority having the final authority to determine the total amount of the bond issuance including issuance costs. When the association and the Local Development Authority agree that bonds or notes shall be issued to pay covered claims in the event of an insolvency, the association shall have the authority to annually assess member insurers for amounts necessary to secure and provide for the repayment of the indebtedness, including without limitation, the principal, redemption premium, if any, and interest on, and related costs of issuance of such indebtedness including bond investors insurance. Necessary assessments collected pursuant to this authority shall be collected under the same procedures provided in § 56-12-107(a)(3). Assessments collected under this section may be assigned and pledged to or on behalf of the Local Development Authority for the benefit of the holder of such indebtedness, in order to provide for the payment of the principal of, redemption premium, if any, and interest on such indebtedness, the costs of issuance, and the funding of any reserves and any other payments under the documents under which the indebtedness was incurred. In addition to the assessments provided for in this section, the association in its sole discretion may utilize assessments made under § 56-12-107(a)(3), to service such indebtedness if necessary. The association shall have no obligation to pay covered claims solely from

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the proceeds of bonds or notes issued under § 4-31-804. Provided, however, if the association may cause assessments to be made hereunder for such covered claims, and assigns and pledges such assessments to or on behalf of the Local Development Authority as issuer of such indebtedness for the benefit of the holders of bonds or notes, the association may administer such covered claims and present valid covered claims for payment.